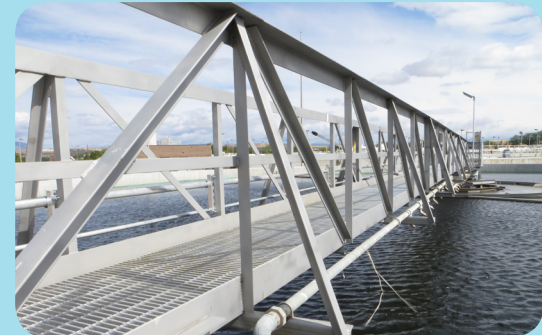


2012 Report to the Community

Water is critical to the life of our community, and to its future. To keep its customers informed about the state of their water and sewer utility, as well as the regional water supply, the Water Authority has prepared this report. Among other things, it's designed to provide some basic information about where your water comes from, what we're doing to safeguard the resource, and how we intend to deal with the challenges of aging infrastructure in years to come. The back page also provides contact information should you need to get in touch with us for any reason. We hope you find the report useful, and we look forward to our continued service to the residents of Albuquerque and Bernalillo County.



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Good for the River, Good for the Aquifer

DID YOU KNOW that our drinking water supply comes from two sources? For decades we relied solely on the underground aquifer for our water. But in late 2008 we started using surface water as well, thanks to the San Juan-Chama Drinking Water Project, or DWP.

The DWP, which diverts and treats imported Colorado River water from the Rio Grande for municipal use, is intended to work in combination with conservation and re-use to reduce aquifer pumping and save our groundwater as a drought reserve. The project has produced some 48 billion gallons since operations began.

“That’s more than a year’s worth of supply left in the aquifer for future generations,” said John Stomp, the Water Authority’s Chief Operating Officer. And, he pointed out, groundwater levels are showing signs of recovery. After years of decline, U.S. Geological Survey data show the

water table rising by as much as several feet at more than a dozen places in the Albuquerque metro area.

Keeping the Rio Grande Whole

With some 40 percent of our water coming from the San Juan-Chama project, people often ask what effect this has on the Rio Grande. Surprisingly, the impact on the river is believed to be less than the impact of using groundwater exclusively.

“The river and the aquifer are inter-connected, so when we use groundwater we are still drawing water from the river,” Stomp said. “The net effect on river flows is actually less when we divert surface water for use than when we use groundwater.”

That means more water in the river, which is good for the environment and for users downstream. And the Water Authority is moving forward with plans to annually lease 10,000 acre-feet of San Juan-Chama water to the U.S. Bureau of Reclamation to “keep the river wet” for the sake of fish, wildlife, and riparian habitat during drought periods.

Water Authority Vice Chair Wayne Johnson said such benefits are possible thanks to a project that Albuquerque and Bernalillo County residents have supported, over many decades, with their rate dollars.

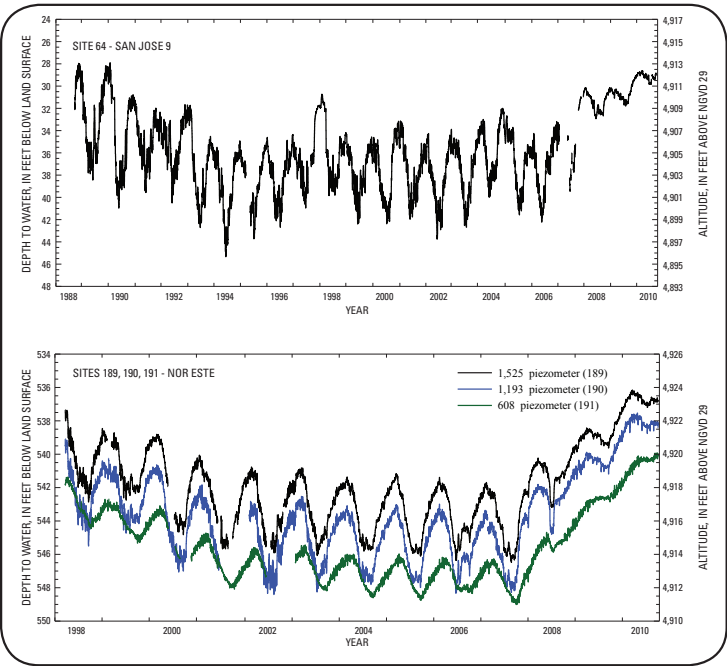
“Our community in its wisdom has purchased perpetual rights to San Juan-Chama water, which would not even be in the river if not for our investment in construction of the San Juan-Chama project,” Johnson said. “We’re using that water now, and the courts have found that we are using it responsibly, with no harm to downstream users.”



San Juan-Chama Water flows along the Rio Chama in northern New Mexico. From here, the water is conveyed through El Vado and Abiquiu Reservoirs before entering the Rio Grande on its way to Albuquerque.

What is San Juan-Chama Water?

San Juan Chama water is part of New Mexico’s allotment of water from the Colorado River basin. It is not native Rio Grande water. The Water Authority can use up to 48,000 acre feet annually of this water, rights to which were purchased by the City of Albuquerque in the early 1960s and later transferred to the Water Authority. As a community, we have invested more than \$80 million over the last four decades for repayment of the construction costs and annual operation and maintenance of the infrastructure needed to bring the water south.



Graphs generated by the U.S. Geological Survey show rising water levels in the Albuquerque area in the years following completion of the San Juan-Chama Drinking Water Project. (Source: USGS)

Environmental Efforts

The Water Authority takes seriously its responsibility to help protect the Rio Grande, a critical component of the San Juan-Chama Drinking Water Project. Plans at right show areas of the bosque near the Paseo Del Norte Bridge slated for habitation restoration work by the Water Authority starting this winter. The projects include development of spawning and rearing habitat for the Rio Grande Silvery Minnow using bank terracing, side channels and embayments. The work also entails the removal of non-native vegetation and the establishment of native plants and trees.



Water Quality

ONE OF THE WATER AUTHORITY’S most important jobs is maintaining the quality of the water that you and your family use every day. Operating under strict regulations from the U.S. Environmental Protection Agency and the New Mexico Environment Department, we must ensure that public health standards for drinking water are being met at all times.

Making this happen is a dedicated team of engineers, scientists, and certified operators. In 2011, Water Authority employees collected more than 5,500 water samples and analyzed more than 54,000 test results for use in compliance, process control, and water quality monitoring. Both groundwater and surface water are tested on an ongoing basis to ensure compliance with state and federal drinking water standards.



Results of this testing, along with other information about the quality of your drinking water, are published annually in a Water Quality Report mailed to all Water Authority customers. To view the report online, visit www.abcwua.org and click on the “Your Drinking Water” tab.

Emphasis on Infrastructure

UTILITIES AROUND THE country are struggling to meet the need for infrastructure replacement and rehabilitation in an era of limited or diminished financial resources. According to the American Society of Civil Engineers, U.S. communities face a combined \$11 billion in shortfalls for infrastructure investment every year.

The Water Authority is not immune from these problems. Much of its existing water and sewer infrastructure was installed during periods of rapid growth in the 1950s and 1970s, and as they age those pipes and equipment need more rehabilitation and repair. The Water Authority's 50-year-old Southside Reclamation Plant, which treats all of Albuquerque's sewage, is a prime example of aging infrastructure.

There is no question that continued and even increased investment in our infrastructure is necessary, but how to prioritize the rehabilitation needs of some \$5 billion in physical assets? A comprehensive Asset Management Plan, completed in 2011, accomplished this by cataloguing and analyzing the condition of all the Water Authority's equipment and infrastructure.

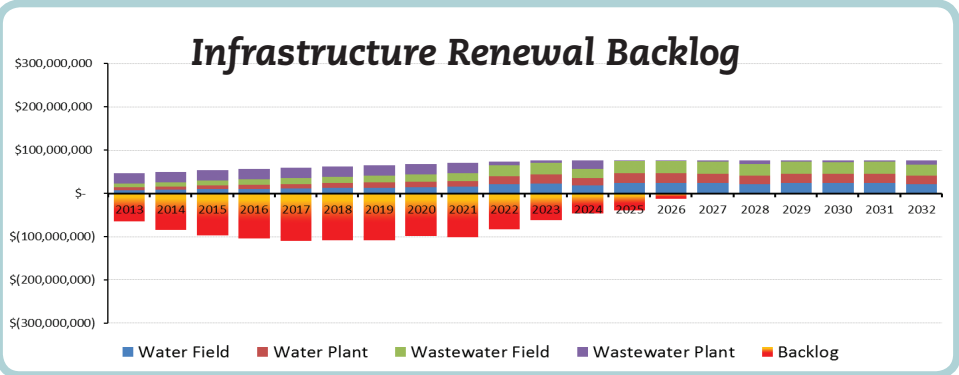
The planning process showed that the Water Authority must increase its level of re-investment in infrastructure in order to overcome a rehabilitation backlog and reduce expensive emergency repairs.

"We need to be investing an average of \$76 million per year in rehabilitation and replacement

to meet our renewal requirements over the coming decades," said Dave Price, the Water Authority's engineering and planning manager. "Right now we spend approximately \$40 million per year, so our plan is to add additional dollars gradually over the next decade to meet our renewal needs."



The sewage treatment plant that serves the metro area is undergoing some \$250 million in renovations. Here, a worker puts the final touches on a newly rehabbed clarifier tank.



This chart shows the projected reduction of the Water Authority's infrastructure renewal backlog over time, as more resources are invested in rehabilitation and preventive maintenance.

Kirtland Spill Update

Water Authority Working with Air Force on Fuel Spill Issues

WATER AUTHORITY REPRESENTATIVES and Air Force officials are working together to address aquifer contamination caused by a decades-old jet fuel spill at Kirtland Air Force Base that is now threatening Water Authority well fields in the southeast part of town.

As reported earlier this year by the Associated Press, state officials have acknowledged that the spill, which originated at a leaking fuel storage facility on the base, could be as large as 24 million gallons. Officials previously estimated the spill at about eight million gallons.

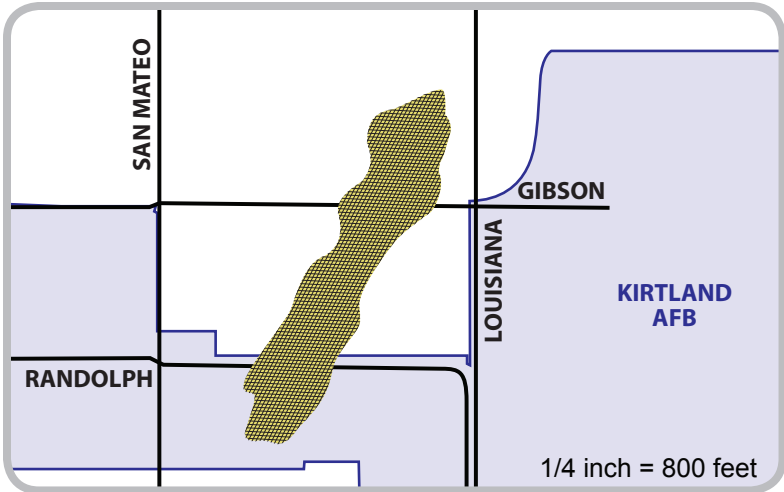
Because the exact extent of the fuel plume is still not completely known, experts are hesitant to estimate how long it could be before Water Authority municipal production wells are directly threatened. The Water Authority is actively monitoring wells closest to the spill to ensure that the water is safe to drink, and is developing contingency

plans in concert with the Air Force that can be enacted should any wells become contaminated.

"We met in September with Assistant Secretary of Air Force Terry Yonkers, and he has committed to very specific contingency plans that we will be developing jointly with the Air Force," said Water Authority Board member Maggie Hart Stebbins. Stebbins has been actively involved in addressing the issue as a Water Authority liaison with Air Force officials.

"The Air Force has acknowledged ownership of this problem, and obviously we are hopeful that the fuel spill can be remediated before any of our wells are affected," she said.

In late May, New Mexico Senators Tom Udall and



This simplified diagram, based on data and maps provided by the U.S. Air Force, shows the approximate extent of the underground fuel spill originating beneath Kirtland Air Force Base. No Water Authority wells have been affected by the spill as of yet.

Jeff Bingaman sent a letter to the Air Force recommending that it "continue to work closely with [the Water Authority] and assist them with the necessary resources to conduct further scientific and technical analysis of the size, extent, and characterization of the spill, along with the progress and effectiveness of the cleanup project."

Conservation: 150 GPCD Goal Reached Three Years Early

RESPONDING TO REBATE PROGRAMS and public outreach, Water Authority customers in 2011 reached the long-term conservation usage goal of 150 gallons per capita per day (GPCD)—three years ahead of schedule.

The achievement was announced at a March 12 news conference hosted by Water Authority Board Chair Ken Sanchez.

“The Water Authority had hoped to meet the 150-gallon goal by 2014,” Sanchez told reporters. “By meeting it in 2011, the people of Albuquerque and Bernalillo County have brought us to our goal three years early.” The 150 gallon number is actually five gallons less than the 155 mandated by the Office of the State Engineer as a condition of using surface water from the San Juan-Chama Drinking Water Project (see story on page 2). The Water Authority estimates that by reaching the 150 GPCD goal three years early, Albuquerque saved an additional 2 billion gallons.

The metro area’s per capita daily usage in the mid-1990s was 252 gallons. After more than a decade of hard work, the community can point with pride to a reduction of more than 100 gallons per person. And total annual usage has gone down as well—in spite of population growth. Total yearly water use has declined from 40.6 billion gallons in the mid-1990s to 34.6 billion gallons in 2011. That’s a 25-percent decline, even though the population in the Water Authority’s service area



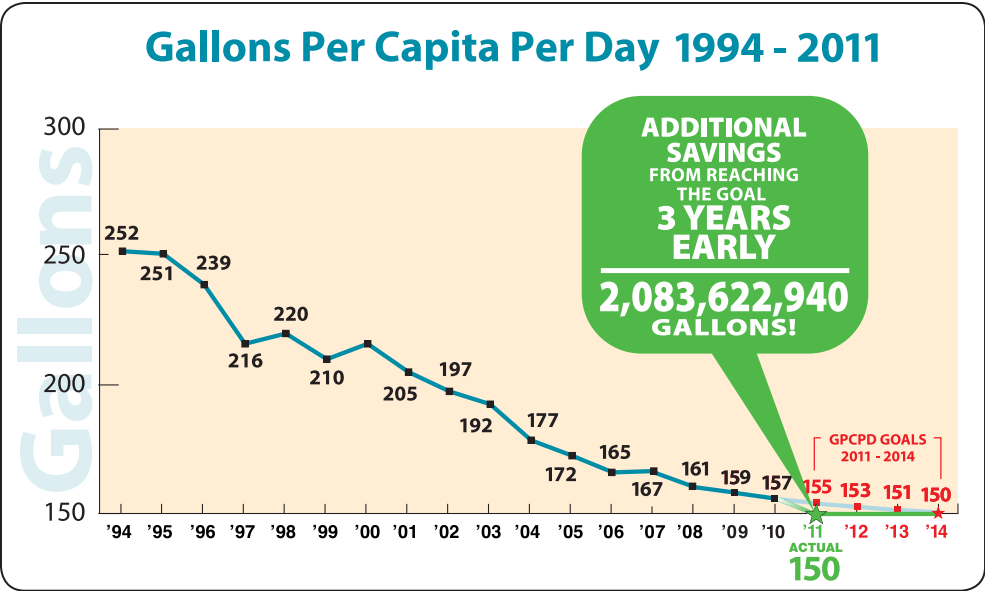
grew about 40 percent (from 441,450 to 634,284) during the same period.

“We have come a very long way, many years ahead of schedule,” Sanchez said. “I thank and commend the people of this community for their efforts. We must now work to maintain these usage levels. There will be ups and downs from year to year, but we’ll be in good shape as long as we’re trending in the right direction and keep looking for new and innovative ways to save water for future generations.”

Katherine Yuhas, the Water Authority’s Conservation Officer, said she is working on a new conservation plan that can “carry us into the future.”

“The Water Authority Board has asked that we reach out the community and solicit public input regarding what our next conservation goals should be,” she said. “I hope to use that feedback to develop an updated conservation plan and have it in place by the summer of 2013.”

Yuhas said one important area for public discussion will be balancing the need for community green space with the need to conserve, particularly in times of drought.



Earlier this year, the metro area celebrated achievement of the 150-gpcd usage goal three years ahead of schedule.



The Water Authority is accountable to its ratepayers through a Governing Board consisting of seven elected officials: three Albuquerque City Councilors, three Bernalillo County Commissioners, and the Mayor of Albuquerque or his designate. Also serving is a non-voting member from the Village of Los Ranchos. An Executive Director reports to the Board and oversees Water Authority operations.

Rate Payers

Water Authority Board

Ken Sanchez, City Council District 1 • Chair
Wayne Johnson, County Commission District 5 • Vice Chair
Richard J. Berry, Mayor, City of Albuquerque
Art De La Cruz, County Commission District 2
Rey Garduño, City Council District 6
Maggie Hart Stebbins, County Commission District 3
Trudy Jones, City Council District 8
Pablo Rael, Village of Los Ranchos • ex officio

Executive Director Mark Sanchez

How to Reach Us



Call **842-WATR** (842-9287) to:

- Pay a bill over the phone
- Set up new service
- Get conservation rebate information
- Report a water or sewer emergency
- Report water waste



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